



Presentation to the
2005 Acquisition Senior Leaders
and AMC Commanders
Conference

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Agenda

- Goldwater-Nichols: an Overview and Beyond
 - Transitioning from Other Transactions Authority to a FAR Contract: FCS Lessons Learned
 - Questions?
- Our Army at War...**
Relevant and Ready, Today and Tomorrow



Overview: Goldwater-Nichols

- Goldwater-Nichols DoD Reorganization Act of 1986
- Major Reorganization of Title 10
 - ◆ Strengthened civilian control of the military
 - ◆ Clarified the roles, responsibilities, and authority of senior civilian officials and senior military officers
 - ◆ Ensured that senior civilian decision-makers receive the full range of divergent military advice
 - ◆ Strengthened and expanded the full operational command authority of combatant commanders



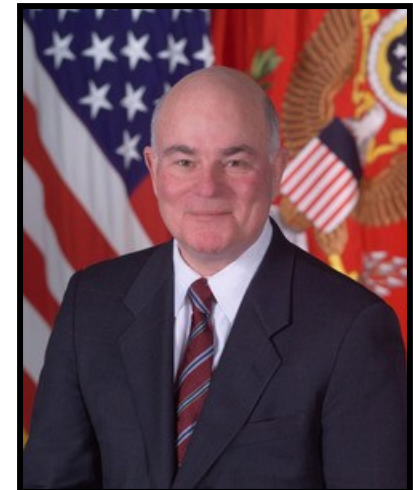
Overview: Goldwater-Nichols

- Secretary of Defense (SECDEF)
Responsibilities – 10 USC § 113
 - ◆ Principal advisor to the President on DoD matters
 - ◆ Authority, direction, and control over DoD
 - ◆ Provides DoD components with written policy guidance, to include:
 - National security objectives and policies
 - priorities of military missions
 - resource levels projected to be available
 - ◆ Provides written policy guidance to CJCS concerning contingency plans



Overview: Goldwater-Nichols

- Secretary of the Army (SA) Responsibilities – 10 USC § 3013
 - ◆ Subject to the authority, direction, and control of SECDEF, the SA is responsible for, and has authority necessary to conduct all affairs of DA, including:
 - Recruiting
 - Organizing
 - Supplying
 - Equipping
 - Training
 - Servicing
 - Mobilizing
 - Demobilizing
 - Administering
 - Maintaining
 - Military Equipment
 - Construction/Real Estate



Overview: Goldwater-Nichols

- Army Chief of Staff Responsibilities / JCS Role – 10 USC § 3033
 - ◆ Military Advisor on request to President, NSC, and SECDEF
 - Present advice in disagreement with or in addition to CJCS advice
 - Direct recommendations to Congress
 - Input to CJCS independent of and may be distinct from Army role
 - ◆ Duty to inform SA of advice given
 - On matters affecting DA
 - Unless it impairs CSA independence
 - Subject to SECDEF control



Overview: Goldwater-Nichols

- Army Chief of Staff Responsibilities / Army Role – 10 USC § 3033
 - ◆ Subject to SA authority, direction, and control
 - ◆ Senior military advisor to SA
 - ◆ To the extent directed by the SA –
 - Presides over the ARSTAF and supervises the Army as a whole
 - Serves as the SA's agent for execution of plans and policies



Overview: Goldwater-Nichols

- Secretariat and ARSTAF Roles – 10 USC §§ 3014 and 3031
 - ◆ Separate statutory authority
 - ◆ No “integrated staff”
 - ◆ Both staffs assist the SA in carrying out his responsibilities
 - ◆ Reorganization would be subject to Goldwater-Nichols Act restrictions



Overview: Goldwater-Nichols

- Impact of Goldwater-Nichols on HQDA
 - ◆ Clarified relationship of SECDEF to SA
 - ◆ Strengthened SA authority
 - ◆ Clarified CSA independence as JCS member

- ◆ EO unnecessary condition



Overview: Goldwater-Nichols

- Impact of Goldwater-Nichols on HQDA
 - ◆ Restricted responsibility for certain functions to OSA (Acquisition, Auditing, Comptroller, Information Management, IG, LL, PA)
 - ◆ As to the restricted functions, no duplication of effort
 - Function must reside in single OSA office
 - No duplicate ARSTAF office may be established
 - Resulted in merging ARSTAF offices into OSA
 - ◆ OSA must remain responsive to CSA on these issues



Overview: Goldwater-Nichols

➤ Impact of Goldwater-Nichols on HQDA

◆ The ARSTAF:

- Serves SA, USA, ASAs, and CSA in role as service chief (and JCS member)
- Includes manpower and personnel; logistics; installations; operations and plans; requirements and programs; intelligence (1986 Report language)
- Supervises subordinate commands and organizations



Overview: Goldwater-Nichols

➤ Impact of Goldwater-Nichols on HQDA

◆ Both Secretariat & ARSTAF

- Advise SECDEF and OSD on service needs and capabilities
- Identify, validate, prioritize, and justify resource requirements
- Plan programs and budgets and supervise execution
- Articulate and defend service requirements to external audiences and decision makers
- Supervise activities providing Army-wide services (Field Operating Activities)



Overview: Goldwater-Nichols

➤ HQDA Realignment – 2001

◆ Leadership criticisms prompting the realignment

- Overlap between OSA and ARSTAF caused:
 - Disjointed effort
 - Excessive overhead
- Operational functions in HQDA

◆ Proposed solutions: integrate and streamline HQDA

- Create EOH
- Dual-Hat Deputy Chiefs of Staff as “Mil Deps”
- Using ASA(ALT) and ASA(FM&C) models
- Integrate Secretariat and ARSTAF



Overview: Goldwater-Nichols

➤ HQDA Realignment – 2001

◆ Congressional Concerns

- Including CSA/VCSA in EOH may diminish civilian control and implies CSA/VCSA are in chain of command over ASAs and OSA officials performing Secretariat-only functions
- Dual-Hatting DCS as “Mil Dep” may inhibit development of independent military viewpoint
- Integrating Staffs appears inconsistent with Goldwater-Nichols’ goal of strengthening civilian control while improving independent military advice
- CSA must remain indepe

Senators Warner And Levin
Senate Armed Services Committee



Overview: Goldwater-Nichols

➤ HQDA Realignment – 2001

◆ HQDA Commitment to Congress

- GO 3 Clarified that:
 - EOH, as a body, has no decision-making authority
 - Staffs remain distinct though co-located
 - No new military deputies – “primary military advisors” instead
 - CSA staff support for JCS role undiminished



Overview: Goldwater-Nichols

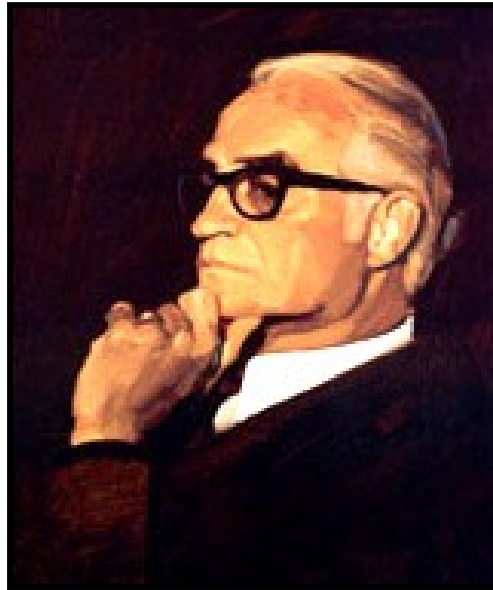
➤ Current Issues

- ◆ Decisions attributed to EOH instead of official (SA/CSA/USA/VCSA) making decision
 - Raises authority issue
 - Weakens audit trail
- ◆ Perceptions of integrated staff
 - Law has not changed
 - SASC concerns are on record
- ◆ Atmosphere for legislative change



Beyond Goldwater-Nichols

- Phase II Report Issued July 2005
- Chapter 7, “Reforming Defense Acquisition for the 21st Century”



Beyond Goldwater-Nichols

- Thesis of Chapter 7 is that the rapidly changing environment, technological innovation, and future warfighting capabilities requires rethinking the acquisition process established to meet the challenges of 1980s
- Relook the acquisition process:
 - ◆ Strategic focus
 - ◆ Organizational structure



Beyond Goldwater-Nichols

- During 1980s, an influx of large capital investment spawned:
 - ◆ Numerous program starts
 - ◆ Weapons testing challenges
 - ◆ Prioritization of weapons systems
 - ◆ Emphasis on DoD Acquisition Processes – the “how to buy” paradigm



Beyond Goldwater-Nichols

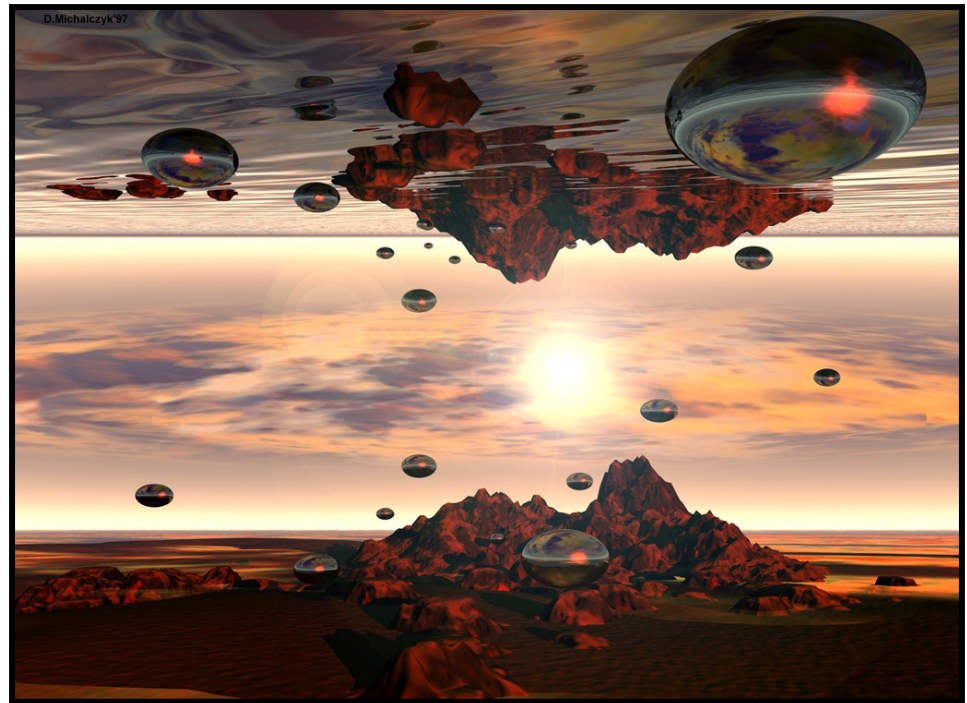
➤ Phase II G-N Report

- ◆ Acquisition community must respond to new set of strategic challenges
- ◆ New challenge: Redeploy human, physical, and financial assets from more mature parts of DoD enterprise to those parts dealing with new security threats
- ◆ Report criticizes DoD's acquisition process
 - Highly centralized oversight
 - Conflicting guidance



Beyond Goldwater-Nichols

- Parallel cultures – centralization at OSD while delegating authority to the lowest level possible in the uniformed services



Beyond Goldwater-Nichols

- Restore Strategic Direction to Acquisition:
 - ◆ Shift OSD focus from mechanical and policing elements of acquisition, or actual management of programs, to items of strategic direction
 - ◆ Emphasis should be on systems engineering
 - ◆ Management and execution of most programs should be returned to the services
 - ◆ Remove day to day management from OSD so that it can focus on strategic direction



Beyond Goldwater-Nichols

- Restore Strategic Direction to Acquisition:
 - ◆ Service Chiefs should have primary responsibility for acquisition management and execution of acquisition programs
 - ◆ CSA responsible for both acquisition and resources should reduce friction between two processes – clarifying responsibilities and increasing CSA's initiative to reduce program instability
 - ◆ Elevate the Director DR&E function to the Office of USD(AT&L)
 - Redesignate as Undersecretary for Technology, Logistics and Acquisition Policy (TL&A), with DDR&E as Principal Deputy



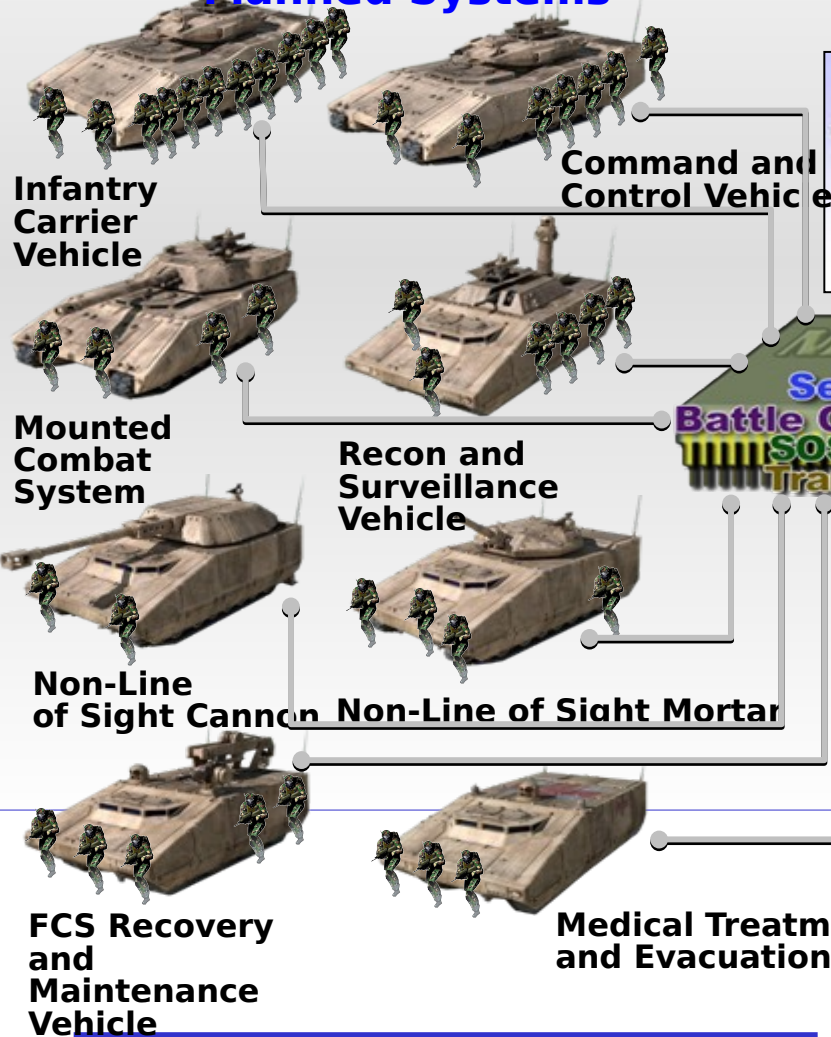
FCS: OTA to FAR – Introduction

Transitioning
from Other
Transactions
Authority to a
FAR Contract:
FCS Lessons
Learned

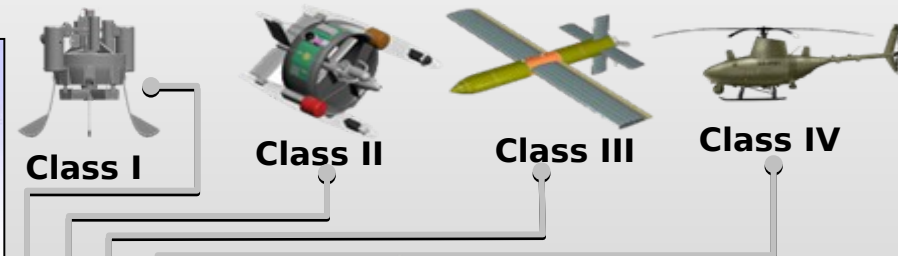


FCS: OTA to FAR – Program Concept

Manned Systems



Unmanned Air Vehicles



Unattended Munitions



Unmanned Ground Vehicles



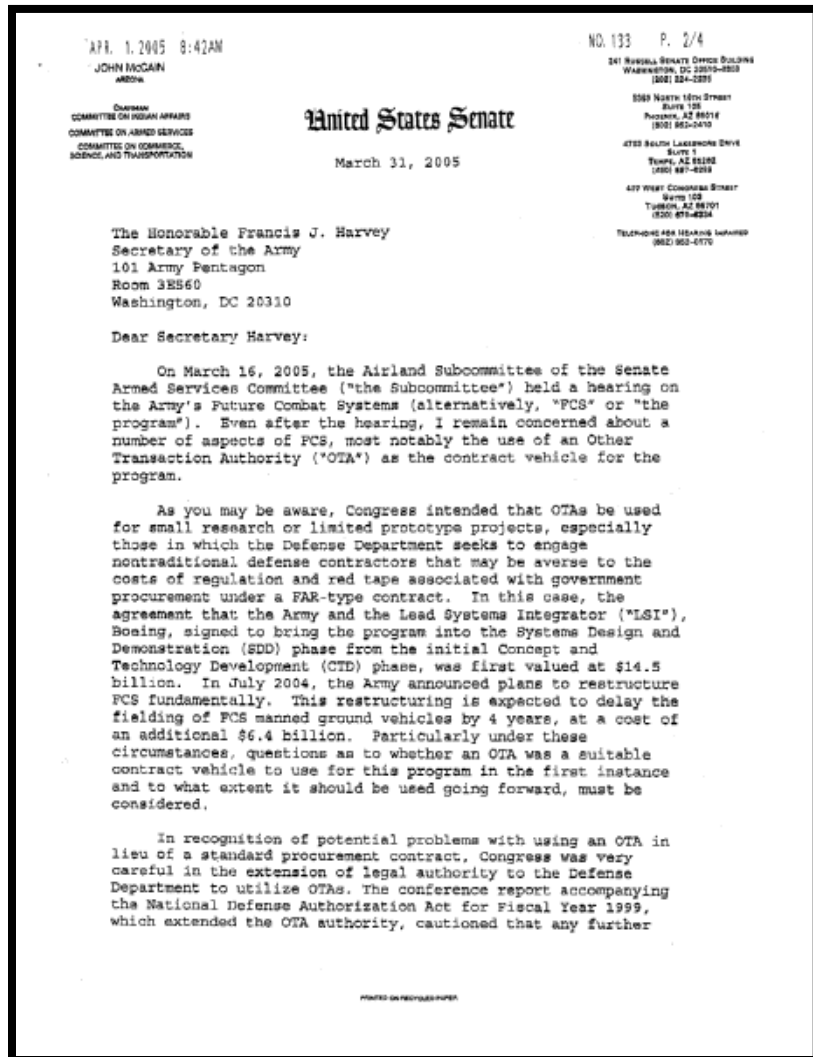
FCS: OTA to FAR – Statutory Authority

➤ OTA Overview

- ◆ 10 USC § 2371: Provides DARPA OT Authority for prototype projects that are directly relevant to weapons or weapons systems
- ◆ NDAA FY 94, § 845: Extends OT Authority to DoD
- ◆ Conference Report, Strom Thurmond NDAA FY 99
 - Used only in exceptional cases
 - Not be used to circumvent the appropriate management controls in the standard acquisition and budgeting process



FCS: OTA to FAR – Congressional Interest



- Intended for Small Research or Limited Prototype Projects
- Conference Report to NDAA FY 99 – Concern over circumvention of management controls in standard FAR contract and budgeting process
- DoD IG – Similar Concerns
 - ◆ Lacks significant protections – TINA, PIA, CAS, Audit
- ASAALT – excluded TINA, PIA, CAS



FCS: OTA to FAR

- SECARMY Directed Conversion of OTA to FAR Based Contract
- Long Poles
 - ◆ Actions Required for Conversion
 - ◆ Assumptions
 - ◆ Fundamental Differences: OTA vs FAR
 - Organizational Conflicts of Interest (OCI)
 - Changes Clause
 - Truth in Negotiations ACT (TINA)



FCS: OTA to FAR – Assumptions

- Selected approach should minimize any disruption to performance of SDD work to maintain schedules
- No termination of SDD performance
- No more funding will be provided for the conversion to a new contract vehicle
- We will have sufficient time to do a thorough analysis, proposal evaluation and negotiation before awarding the successor instrument
- Unpriced Contractual Action is the least preferred method to initiate the successor instrument
- Army/OSD/Congress support for LSI concept is maintained with Boeing

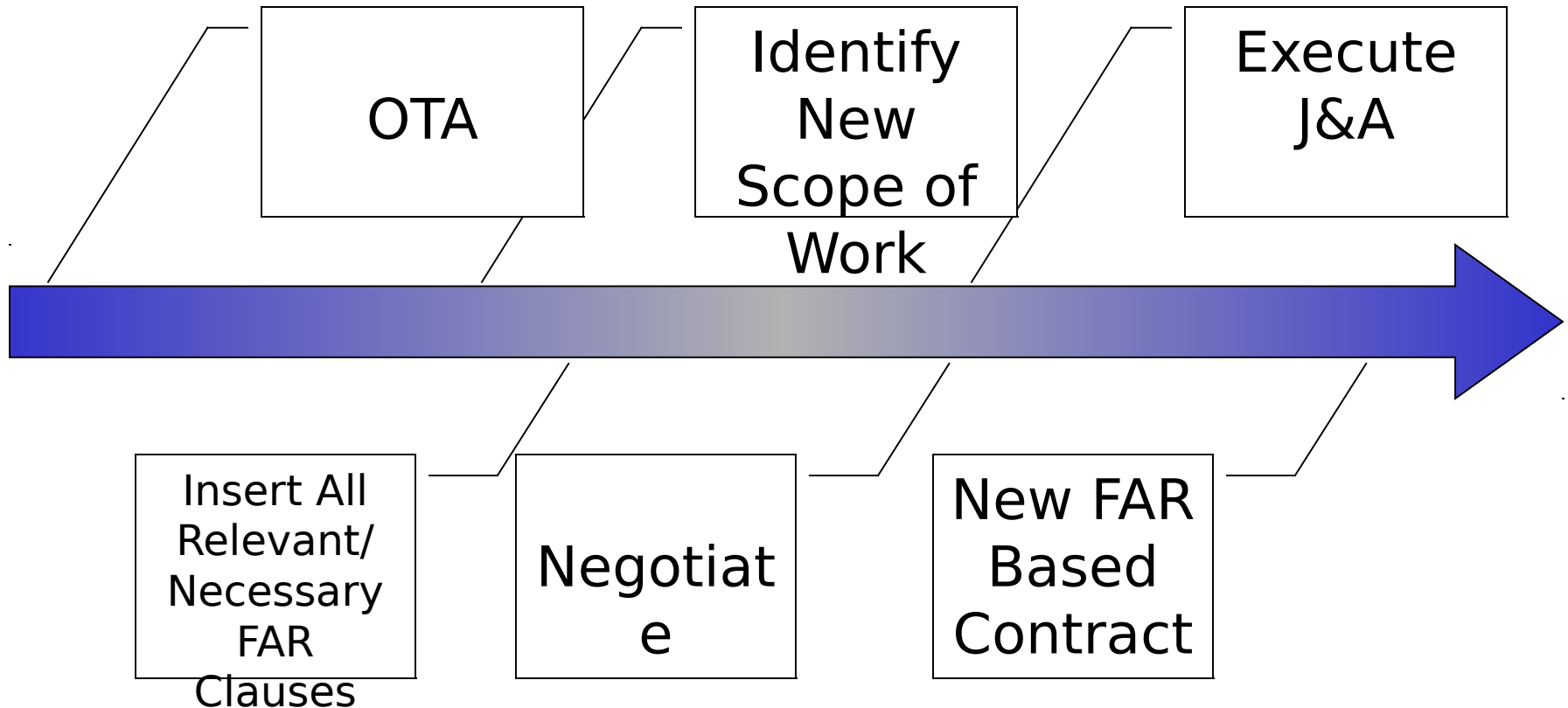


FCS: OTA to FAR – Assumptions

- Management structure and operational arrangement between PM UA and LSI will be maintained
- Army leadership is interested in incentivizing SDD Cost Containment
- Must balance SDD Cost Containment with overall UA performance
- Army still wants to field FCS capabilities as early as possible to current forces
- Commonality remains a principal driver on this program
- Regulatory waivers will be sought where applicable



FCS: OTA to FAR – Transition Timeline*



*Continue Work Under OTA While Negotiating the New Contract

**Time Constraint: UCA – Definitize six months later



Questions?

